

Annual Report 2005

United States Department of Agriculture
Rural Development - California





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of Rural Communities**
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A Year of Progress for Rural Communities In California

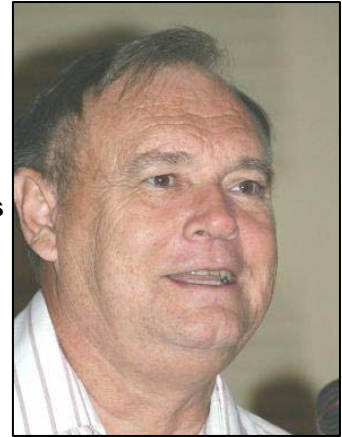
The USDA Rural Development Team in California had a busy, productive year in 2005, boosting the economic strength of rural communities across the Golden State. Our success is due to a highly dedicated staff in our Davis state office and in our 25 local offices. It was truly a year of progress for rural communities.

In fiscal 2005, **Rural Development invested \$344 million** in rural California communities in the form of grants, loans and technical assistance for housing, community programs, and business and industry programs. There was strong outreach to small businesses to create and save jobs, and there was unprecedented support to first-responders in 2005 to make neighborhoods safer and stronger.

Rural Development's **Single Family Housing Program led the way in 2005 with \$120 million** invested in affordable housing for rural residents. **Our Community Program contributed another \$112 million** in assistance in the form of loans, grants and technical expertise in water and waste water projects, aid to first responders and other vital community projects.

More than **\$61 million in loans and grants were approved through our Business and Cooperative Program**. We provided assistance to rural business entrepreneurs and cooperatives to help grow jobs and economic prosperity all along Main Streets of rural towns and cities. More than 1,300 jobs were saved or created in 2005 through the efforts of our Business and Cooperative Program staff.

Rural Development's Multi-Family Housing Programs, which are vitally important to many communities, help keep housing affordable to low-income renters and the farmworker com-



munity. Nearly **\$50 million was committed to the Multi-Family Housing Program** in fiscal 2005.

In 2005, Rural Development raised its public profile with a renewed commitment to tell our story to the news media through news releases, opinion articles and editorial visits with major daily newspapers and broadcast outlets. The story and mission of Rural Development gained greater exposure because of our strong relationship with key media.

There is much to celebrate as we close the books on 2005, and much yet to accomplish in 2006. We are committed to President Bush's mission to strengthen rural America

through creative, sustained initiatives. Rural communities hunger for economic development, new jobs, better schools, stronger infrastructure, safer streets and affordable housing. As long as these critical needs exist in rural California, USDA Rural Development will play a vital role. We look forward to greater success and achievement in 2006 and beyond.

Bob Anderson
Acting State Director

“Rural communities hunger for economic development, new jobs, better schools, stronger infrastructure, safer streets and affordable housing. As long as these critical needs exist in rural California, USDA Rural Development will play a vital role.”

Rural Development - Single-Family Housing Program

"Home sweet home" is a phrase that is becoming more familiar to a growing number of Californians thanks to USDA Rural Development. Rural Development is helping Californians realize the dream of homeownership through its single-family housing programs. In 2005, Rural Development invested more than \$120 million in its single-family housing programs, which include direct and guaranteed loans, a Mutual Self-Help Housing program and a home repair assistance program.

Direct loans of nearly \$61 million were made to 491 families or individuals. Rural Development makes direct loans for up to 100 percent of the value of the home to low- and very-low income persons to purchase modest homes.

One of its most successful programs is the Mutual Self-Help Housing program where homeowners finance and build their own

homes under the guidance of a construction expert. USDA Rural Development provided more than \$12 million in Technical Assistance Grants in 2005 to help self-help applicants in construction training and with building their own homes.

USDA Rural Development's Self-Help Housing Program received national media attention when the *Wall Street Journal* reported on the Paseo de Las Palmas housing project in Coachella

"From Monday to Friday, Guillermina and Refugio Cuevas pick and pack grapes for a living. On weekends, each dons a tool belt and takes up a hammer. It's not for extra cash. In their spare time, the Cuevases are building houses for themselves and 11 other families – a dozen single family homes in a row – not far from chic Palm Springs."

Wall Street Journal,
"Sweat of Their Brows"
Aug. 10, 2005.

Valley. The 126-home project by Coachella Valley Housing Coalition, a local non-profit developer, funded by USDA Rural Development, is an example of how groups of 8-10 families work together to build their own homes.

USDA Rural Development's guaranteed single family housing loan program helps moderate in-

come families and individuals qualify for home loans with no down payment requirements. The program works by guaranteeing the lender's loan which provides an incentive for lenders to extend loans they may not otherwise make. In 2005, 233 guaranteed loans were approved, totaling more than \$44 million.



More than \$1 million in low-interest loans and grants were made to owners for home repairs under Rural Development's 504 programs.

There are significant challenges for affordable housing in California. A robust real estate market, combined with higher construction costs and lagging incomes, makes homeownership difficult, especially for first-time homebuyers. USDA Rural Development, with its theme, "Committed to the future of rural communities," will continue to seek new partnerships with local business groups and lenders to strengthen the economic fabric of rural counties, and we will encourage development of low-income housing.

Single-Family Housing Highlights

SFH Direct Loans (502)	\$61 million
SFH Guaranteed Loans	\$44.2 million
Tech Assistance Grants	\$12.3 million
Tech/Mgmt Assistance Contracts	\$2 million
SFH Grants (504)	\$831,000
SFH Loans (504)	\$185,000

Rural Development - Multi-Family Housing Program

Home ownership is desired by a growing number of Californians, but because of limited incomes, rising real estate prices and other factors, many residents rely on affordable rental housing. In 2005, USDA Rural Development invested nearly \$50 million in multi-family housing programs to help rural renters.

Rural Development has diverse programs to assist renters. During 2005, USDA Rural Development guaranteed loans for nine projects totaling nearly \$13.6 million. Rural Development also approved six Housing Preservation Grants to provide assistance to rural communities to improve and modernize housing standards.

The care, concern and assistance of Rural Development's Multi-Family Housing Program was not limited to California residents in 2005. Following Hurricanes Katrina and Rita in Louisiana, Mississippi and Alabama, USDA Rural Development in California, working with its

"A soon-to-open farm-worker housing development on Farmington Road east of Highway 99 has won a national award from a San Francisco based magazine that specializes in the affordable housing sector. "This is a shining example of what can be done," said Paul Lehman, assistant to the state director of USDA Rural Development, California."

Stockton Record,
"Prize-Winning Project"
Oct. 29, 2005.

multi-family housing partners, arranged more than 250 vacant housing units to assist families displaced by the devastation.

One of Rural Development's missions is support of affordable, modern farmworker housing. In fiscal 2005, nine farm labor housing loans, totaling \$17.5 million, were made to construct or modernize farm worker housing, leading the nation. Rural Development also approved 223

units of new rental assistance and \$1 million in grants to keep farmworker housing affordable.

Acting state director Bob Anderson said, "While the solution to the farmworker housing shortage is complex, USDA Rural Development, along

with housing groups and community leaders are earnestly making positive strides to bridge the gap. USDA Rural Development is the only federally funded agency, directed by Congress, to address the unique local needs of rural communities, including farmworker housing. Our role is to serve as a rural bank for local entities to draw funds and technical expertise to solve local problems."



Valle del Sol, a \$16 million project in Stockton, funded with a low-interest loan from USDA Rural Development, is an example of the agency's commitment to the farmworker community. The 76-unit complex by Asociacion Campesina Lazaro Cardenas ACLC, is the culmination of a partnership between local, state and federal government agencies. Valle del Sol was selected as the best rural/farmworker housing development for 2005 in the annual Readers Choice Awards of *Affordable Housing Finance* magazine.

Multi-Family Housing Highlights

Farm Labor Housing	\$17.5 million
Guaranteed Rental Housing	\$13.6 million
Transfers Rental Housing	\$ 9.2 million
Preservation Affordable Rental Housing	\$ 6.7 million
New Multi-Family Housing	\$ 870,000
Preservation Grants	\$ 598,000

Rural Development - Utilities / Community Program

Clean drinking water for a rural school, a new fire engine for the Madera County, repairs to a fire-ravaged community water system in Southern California and computers for a Firebaugh school district --- each of these community needs and dozens more were met by USDA Rural Development in 2005.

Rural Development's Community Programs deliver funding and technical expertise to help communities literally from the ground up. In 2005, more than \$112 million was invested by Community Programs Staff. One of the greatest needs of rural communities is infrastructure development --- water and waste water facilities. The bulk of the total Community Facilities funds allocated in 2005 was devoted to water and waste water projects. Nearly \$57 million was invested in helping rural communities repair, renovate and expand their water and sewer service to local residents. The economic health of rural communities

and the ability to attract new residents depends on critical infrastructure. Rural Development assistance -- - direct and through local partnerships --- helps remove this barrier to economic development.

One example of Rural Development's commitment in California was the award of a grant to the Mountain Pioneer Mutual Water Company to help the San Bernardino County community it serves restore its water

system. Funds will support new water mains, fire hydrants and service lines, which were destroyed in the October 2003 "Old Fire" in the San Bernardino Mountains.



Nearly \$17 million in loans and grants was devoted to essential community facilities, including youth centers, schools, healthcare facilities and libraries. More than \$25 million was allocated under the Rural Utilities Program.

First-responders are critical to the health and

safety of rural residents, and USDA Rural Development delivered more than \$675,000 in assistance to local law enforcement agencies and rural fire stations in the form of Economic Impact



Initiative (EII) grants in 2005. USDA Rural Development in California submitted 17 grant applications and was awarded 17 EII grants totaling \$675,778 to improve safety, crime prevention, healthcare and educational resources in rural communities with high unemployment. In total, Rural Development delivered nearly \$11 million to first-responders in 2005.

"An important mission for USDA Rural Development's Community Programs is support of President Bush's commitment to strengthen first-responder needs in rural communities," said acting state director Bob Anderson.

"Economic Impact Initiative grants support local law enforcement agencies and fire districts, which face considerable challenges in covering large geographic areas. Investment of EII dollars goes a long way to strengthen the ability of rural communities to respond to local emergencies."

"Uncle Sam is giving away money. That's why some of the San Joaquin Valley's poorest towns now sport new police cars, firefighting gear and computers. They're all beneficiaries of an Agriculture Department grant program that's literally knocking on doors where double digit unemployment prevails."

Sacramento Bee, "Rural Towns: USDA to the rescue," Oct. 14, 2005.

Utilities / Community Highlights

Water/Wastewater	\$56.9 million
Rural Utilities Service	\$25.4 million
CF Direct Loans	\$16.7 million
First Responder	\$10.4 million
Guarantee Loans	\$1.8 million

Rural Development - Business and Cooperative Program

Small rural businesses contribute in big ways to California's economy through job creation and a wellspring of benefits all along the Main Streets of the state's towns and cities. USDA Rural Development is a valuable business partner, investing more than \$61 million in loan and grant funds in 2005 to small businesses and local economic developers.

Another important way of measuring Rural Development's success is its impact on jobs. In 2005, 930 jobs were saved and 377 jobs were created through the results of Rural Development's business programs.

California obligated 29 loans in 2005 for the highest dollar amount of business and industry guaranteed loans nationwide with \$54.4 million obligated.



Rural Development conducts outreach to the state's small farm entrepreneurs. This year, Rural Development sponsored the 19th California Small Farm Conference in Ventura, which drew growers and agricultural industry experts of all kinds. Rural Development with \$25,000 in Rural Business Enterprise Grant funds, helped provide 127 scholarships to small farmers, supporting

their attendance at the event where they pooled their resources, shared their ideas and inspired new directions for the farming community.



USDA Rural Development, through \$125,000 in rural business grants, is strengthening the state's fire-wall against poultry diseases like avian influ-

enza and exotic Newcastle disease. The grants, to the California Poultry Federation, help fund the industry's ongoing biosecurity program of education and outreach to Northern and Central Valley small poultry producers and processors.

USDA Rural Development is a strong advocate of the California FFA. In the past few years, Rural Development has supported the FFA's Agri-Entrepreneurship Awards program to the tune of \$150,000. The program sparks the entrepreneurial spirit of young people and it encourages new business start-ups by teaching members how to identify market opportunities and create jobs.

"The USDA Rural Development has provided \$125,000 in grants the last two years to run education workshops on health and safety measures for California's smaller chicken processors as well as signs in Chinese, Spanish and other languages to prevent trespassing on smaller poultry farms."

Sacramento Bee, "Avian flu goes under microscope at UC Davis," Nov. 23, 2005.

In 2005, Rural Development made a \$2.2 million loan to the state FFA to help plan and build a new state training and meeting center in Galt. Construction is expected to start in early 2006. An investment in FFA is an investment in our world tomorrow. FFA stands as a shining, positive example of leadership development and vocational education for young people.

Business / CO-OP Highlights

Business & Industry Program	\$54.4 million
Value-Added Producer Grants	\$2.6 million
Intermediary Relending Program	\$2.1 million
Business Enterprise Grants	\$1.7 million
Business Opportunity Grants	\$200,000
9006 Energy Grants	\$77,145

Rural Development - Fiscal 2005 Statistical Summary

In fiscal 2005, USDA Rural Development formed new partnerships and forged new progress in serving rural communities. Rural Development invested \$344 million in rural communities in the form of loans, grants and technical assistance.

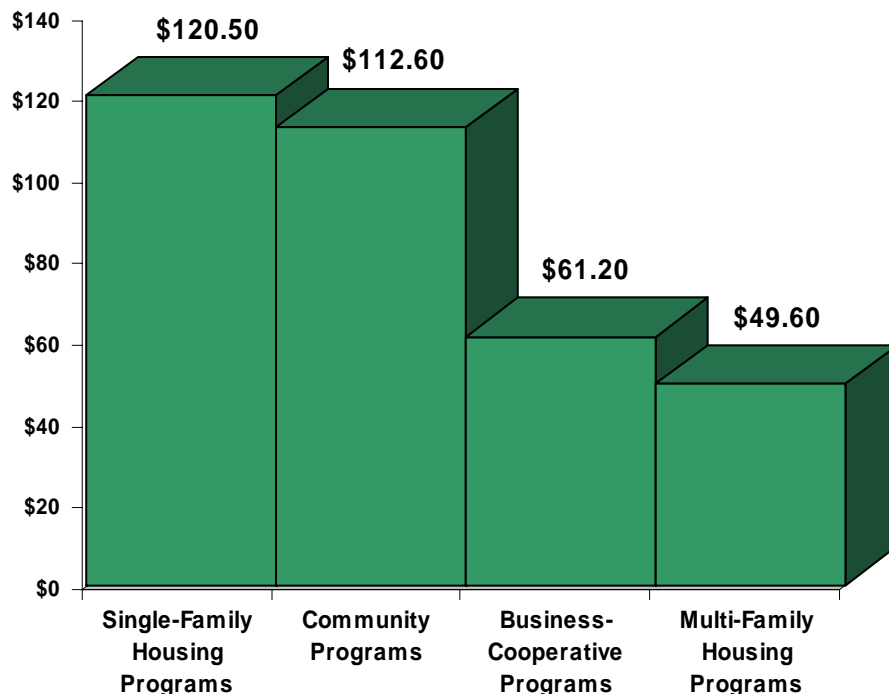
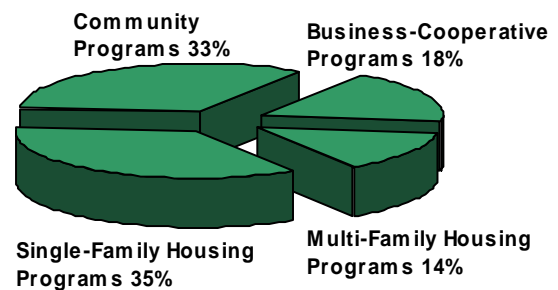
Funds for affordable single-family housing exceeded \$120 million, accounting for more than one-third of total funds allocated in the Golden State.

More than \$112 million in Community Program funds was devoted to essential community projects like water and waste water facilities, first responder needs and other community projects.

Business and Cooperative Programs allocated more than \$61 million in loan and grants funds, or 18 percent of the state total.

Rural Development's Multi-Family Housing Programs contributed nearly \$50 million to the state total.

Analysis of 2005 Program Dollars By Program Area



Note: Dollars in millions.

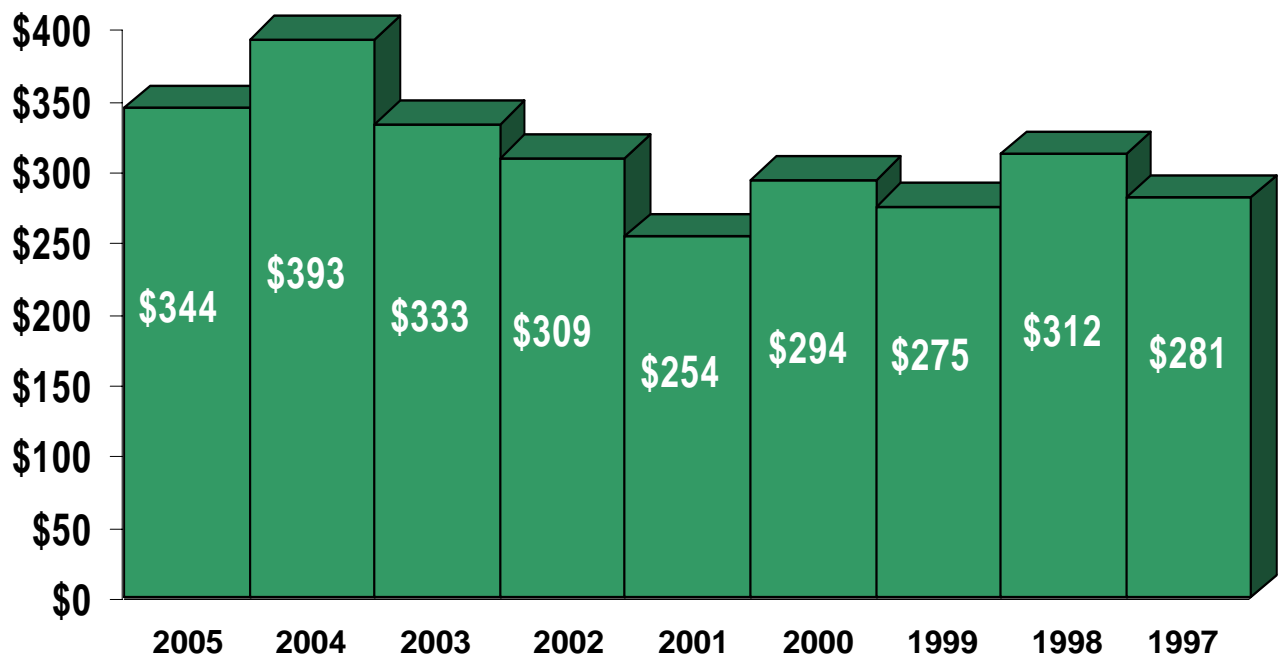
Rural Development - California Historical Summary

USDA Rural Development is the lead federal agency working to build economic opportunity in the nation's rural areas from coast to coast. It is estimated that Rural Development, since the start of the Bush Administration, has invested more than \$63 billion on the nation's communities and created or saved 1.1 million jobs through these investments.

USDA Rural Development in California has historically ranked at the top of state offices in the country in serving rural residents.

Since 1997, USDA Rural Development in California has invested nearly \$3 billion in the state's rural communities in the form of loans, grants and technical expertise for affordable housing, critical infrastructure, community facilities, outreach to rural businesses and cooperatives, and aid to first-responders, schools and libraries.

Analysis of Program Dollars History 1997 - 2005



Note: Dollars in millions.

Rural Development - 2005 Program Highlights

The 2005 USDA Rural Development team in California made significant gains in promoting the economic health of rural communities, working with partners, improving service delivery, and raising public and media awareness. One measure of progress is numerical gains for grant and loan programs, but progress is also measured by these 2005 achievements:

- Hosted visit by Acting USDA Rural Development Under Secretary Gilbert Gonzalez, which included a meeting with Rural Development housing partners at Mercy Housing in West Sacramento, and a lunch meeting with state staff in Davis.
- Co-hosted Fresno conference with U.S. Dept. of Commerce's Minority Business Development Agency to encourage outreach to minority business entrepreneurs in the San Joaquin Valley. The event drew statewide coverage by the Associated Press.
- Collaborated with other federal state offices in organizing a Farm Bill Forum, hosted by USDA Secretary Mike Johanns, which included several community leaders who emphasized the importance of Rural Development loan and grant programs.
- Participated in a meeting for state directors with newly confirmed Under Secretary Thomas Dorr to assess and plan for future Rural Development program priorities.
- State staff provided direct input and guidance to national office staff on Economic Impact Initiative (EII) grant program.
- Rural Development, in partnership with the California Labor and Workforce Development Agency, gathered data to help qualify rural communities for EII

grants, awarded on the basis of communities that had more than 19-1/2 percent unemployment.

- Executive staff visited national headquarters for program updates, meetings with key members of Congress and briefings with reporters.



- Held the Rural Development California State Conference in Newport Beach to provide training, education and networking for more than 130 staff. With the theme, "*Working Today and Planning for Tomorrow*," the meeting provided professional and personal development with presentations by Rural Development staff and guest speakers, and a Rural Business Program import / export seminar by the Port of Long Beach.
- Organized ceremony to award EII grants to community leaders, which resulted in front-page coverage in *Capital Press* newspaper.



- Undertook new initiatives in 2005 to elevate the profile of RD programs, including editorial meetings with *Sacramento Bee*, *Capital Press*, *Fresno Bee* and *Los Angeles Times*.

- Placed opinion articles about Rural Development priority issues in the *Fresno Bee*, *Bakersfield Californian*, *Imperial Valley Press* and *Capital Press*.

Rural Development - Tribute to Paul Venosdel

Paul Venosdel served as State Director of USDA Rural Development in California from January 2002 to October 2005. Venosdel, who left public service for the private sector in October 2005, made more than 200 visits to rural communities during his tenure.

Under his guidance, the Rural Development California Business Program Team led the nation with \$93.8 million in loans and grants in 2004, contributing more than 3,000 jobs to the state's rural economy. During his term, the total Rural Development investment in California's rural communities has risen 54 percent --- from \$254 million in 2001 to \$393 million in 2004.

In 2003, he became the first state director to receive an audit of "no measurable findings" from the USDA office of the Inspector General.



Paul led Rural Development efforts in several White House initiatives, chairing the Federal Inter-agency Task Force on Central San Joaquin Valley Economic Development and representing USDA for Faith-Based Initiative activity in California. He also chaired a special National Program Allocation Task Force that analyzed FY 2000 – 2004 state allocations vs. obligations across the U.S.

The former state director championed efforts to develop affordable, modern farmworker housing, investing nearly \$80 million in projects during his tenure. One of the projects, Valle del Sol, in

Stockton, was awarded best rural/farmworker housing development in 2005 by *Affordable Housing Finance* magazine.

He has championed President Bush's goal of 5.5 million new minority homeowners by year 2010 by



administering the Rural Development's highly successful Mutual Self-Help Housing program. California Rural Development made more than \$60 million in direct loans to 491 households in 2005, helping many minorities build their own homes.

Among his 2005 achievements is the award of 17 Economic Impact Initiative grants, totaling more than \$675,000 to first-responders and others in 11 rural communities. He is also a strong advocate for the state FFA, supporting the award of USDA grants for the Agri-Entrepreneurship Awards program and a \$2.2 million low-interest loan to fund construction of a new state FFA center in Galt, projected for completion in late 2006.

"Paul Venosdel truly sees Rural America. He knows what's important to the people in the fields, to the farmer, to the small cities, and to businesses of all sizes. During his tenure with USDA Rural Development, Paul has focused resources where they could do the most good and provided a new level of leadership in his field."

Wayne Schell, President/CEO, California Association for Local Economic Development



Rural Development in California is indebted to Paul for his dedication and commitment to the state's rural communities.

Rural Development - State and Local Office Directory

News, information and assistance from USDA Rural Development --- from Eureka to El Centro --- is just a click by visiting the USDA Rural Development in California Web site at www.rurdev.usda.gov/ca or by calling the numbers listed below.

USDA Rural Development State Office

430 G Street

Davis, CA 95616

(530) 792-5800

Single-Family Housing Programs (530) 792-5816

Multi-Family Housing Programs (530) 792-5830

Community Programs (530) 792-5810

Business/Cooperative Programs (530) 792-5825



Local Offices:

Alturas	(530) 233-4615	Auburn	(530) 885-6505
Bakersfield	(661) 336-0967	El Centro	(760) 352-4418
Elk Grove	(916) 714-1104	Eureka	(707) 443-6714
Fresno	(559) 276-7494	Hanford	(559) 585-8732
Indio	(760) 342-4624	Merced	(209) 722-4119
Modesto	(209) 491-9320	Moreno Valley	(951) 656-6800
Oroville	(530) 533-4401	Red Bluff	(530) 527-1013
Redding	(530) 226-2560	Salinas	(831) 757-5294
Santa Maria	(805) 928-9269	Santa Rosa	(707) 526-6797
Stockton	(209) 472-7127	Ukiah	(707) 462-2916
Victorville	(760) 843-6882	Visalia	(559) 734-8732
Willows	(530) 934-4614	Yreka	(530) 842-6123
Yuba City	(530) 673-4347		

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2005 — A Year of Progress for Rural Communities



“The ability of USDA Rural Development to effect positive change in California’s rural communities and to fulfill our mission to improve the quality of rural lives depends on a highly committed, professional and skilled staff. The men and women of Rural Development are among the hardest-working employees I have ever been associated with. The success of our diverse programs is due in no small measure to a team of dedicated managers, directors, specialists, engineers, technicians and others who go the extra mile to serve rural California. I am proud to be associated with them.”

Bob Anderson, Acting State Director

2005 - A Year of Progress
for Rural Communities